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# Market According to Mercer

## GTA Housing Market Overview & Outlook

January 2013



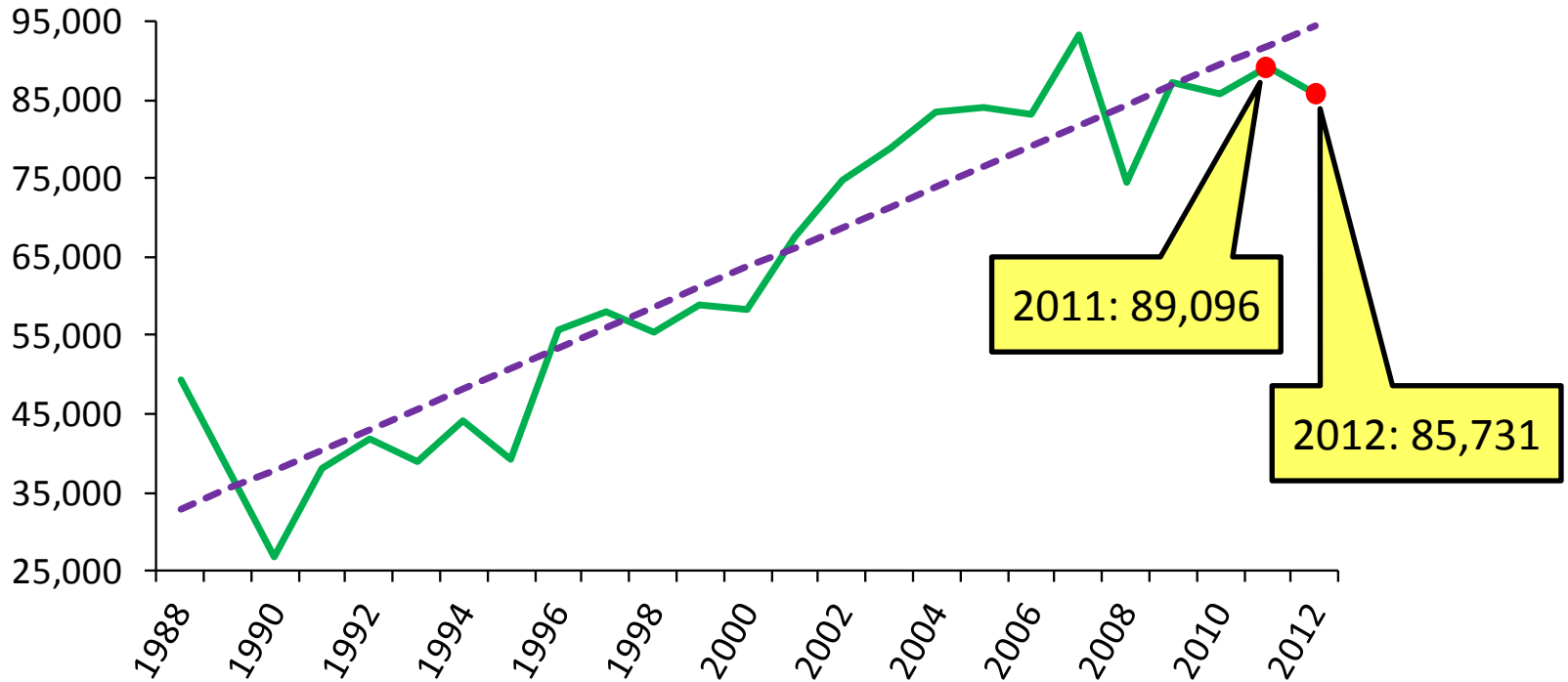
1.2012 Market in Review

2.The Economy and Interest Rates

3.2013 Outlook

# 2012 TorontoMLS Sales in Perspective

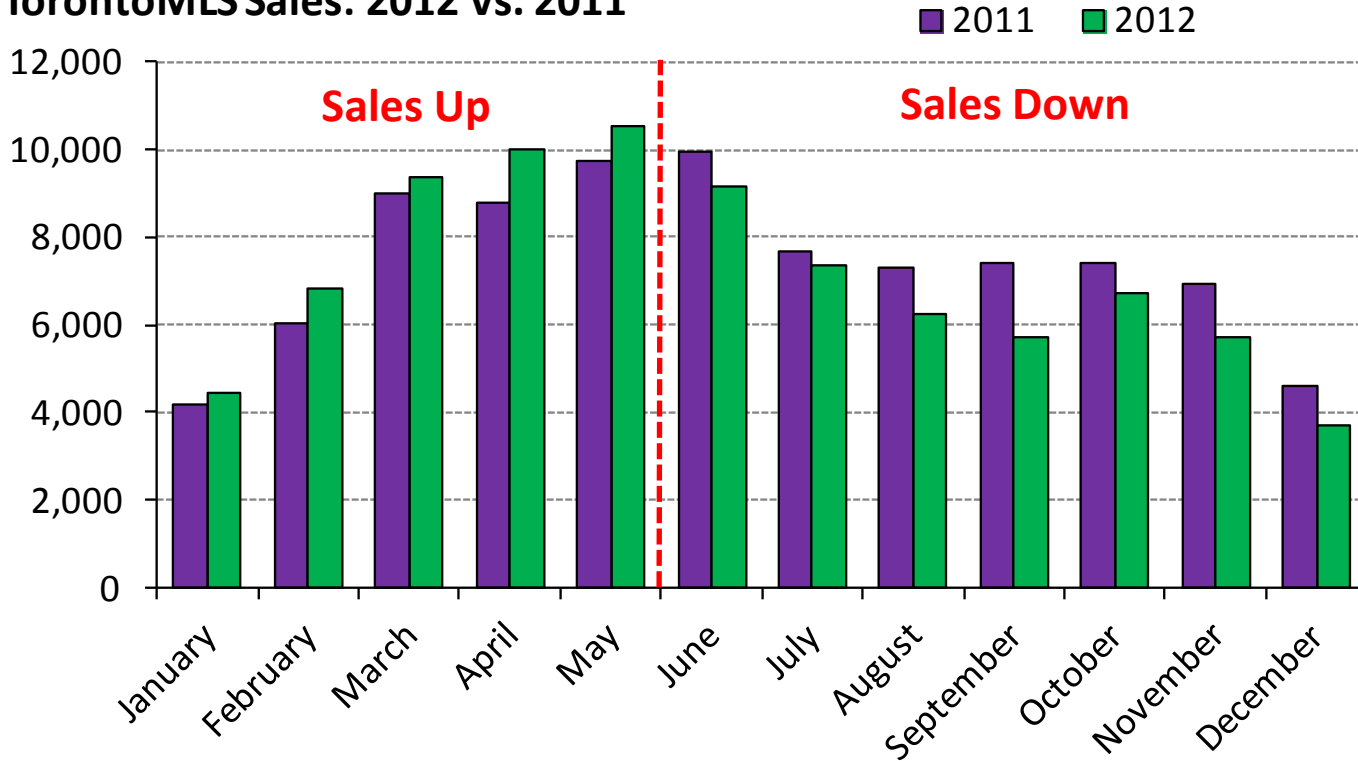
## Historic TorontoMLS Sales



Source: Toronto Real Estate Board

# 2012 Sales a “Tale of Two Halves”

**TorontoMLS Sales: 2012 vs. 2011**



Source: Toronto Real Estate Board

# Government Intervention



## Changes to Mortgage Lending Guidelines

Recent Changes Include:

- Reduction of maximum amortization period to 25 years
- \$1 million price ceiling for purchases involving government backed mortgages
- Maximum GDS set to 39 per cent

## City of Toronto's Land Transfer Tax

- Additional upfront cost of home ownership in the City of Toronto

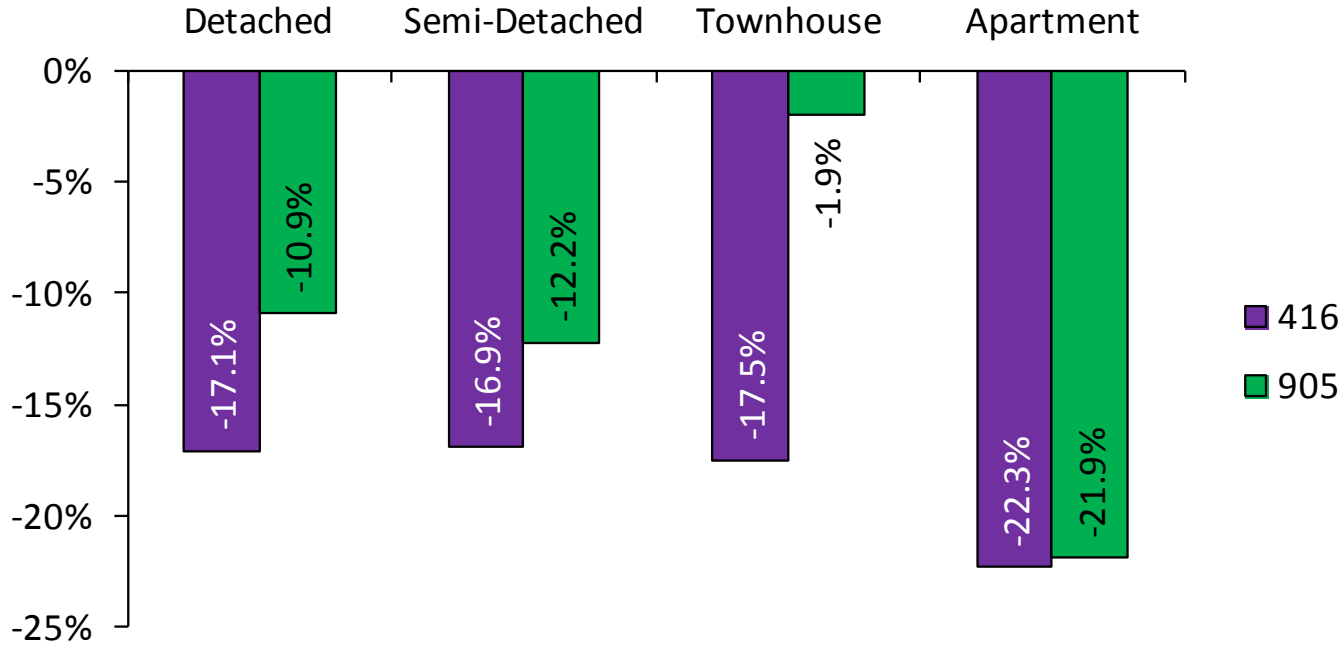


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# '416' Sales Dip More Than '905' Sales

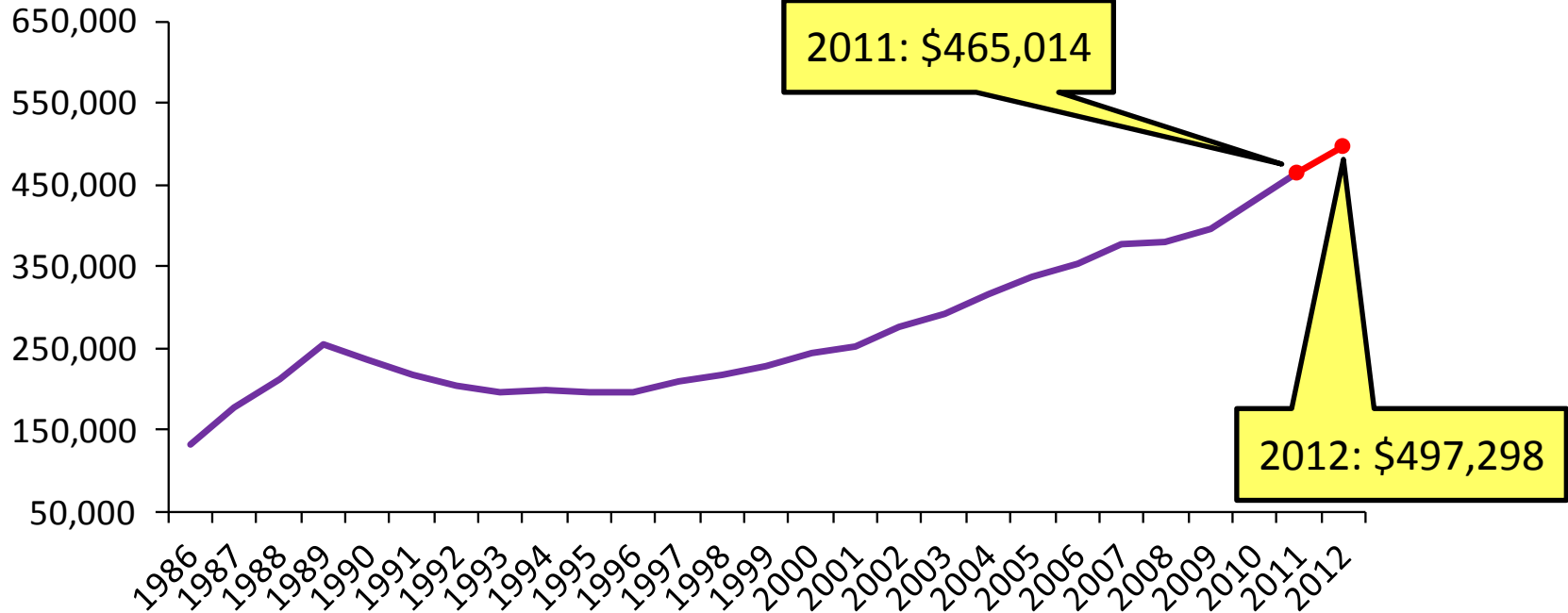
## TorontoMLS Sales: Second Half of Year Annual Per Cent Change: 2012 vs. 2011



Source: Toronto Real Estate Board

# Steady Average Price Growth Since Mid-'90s

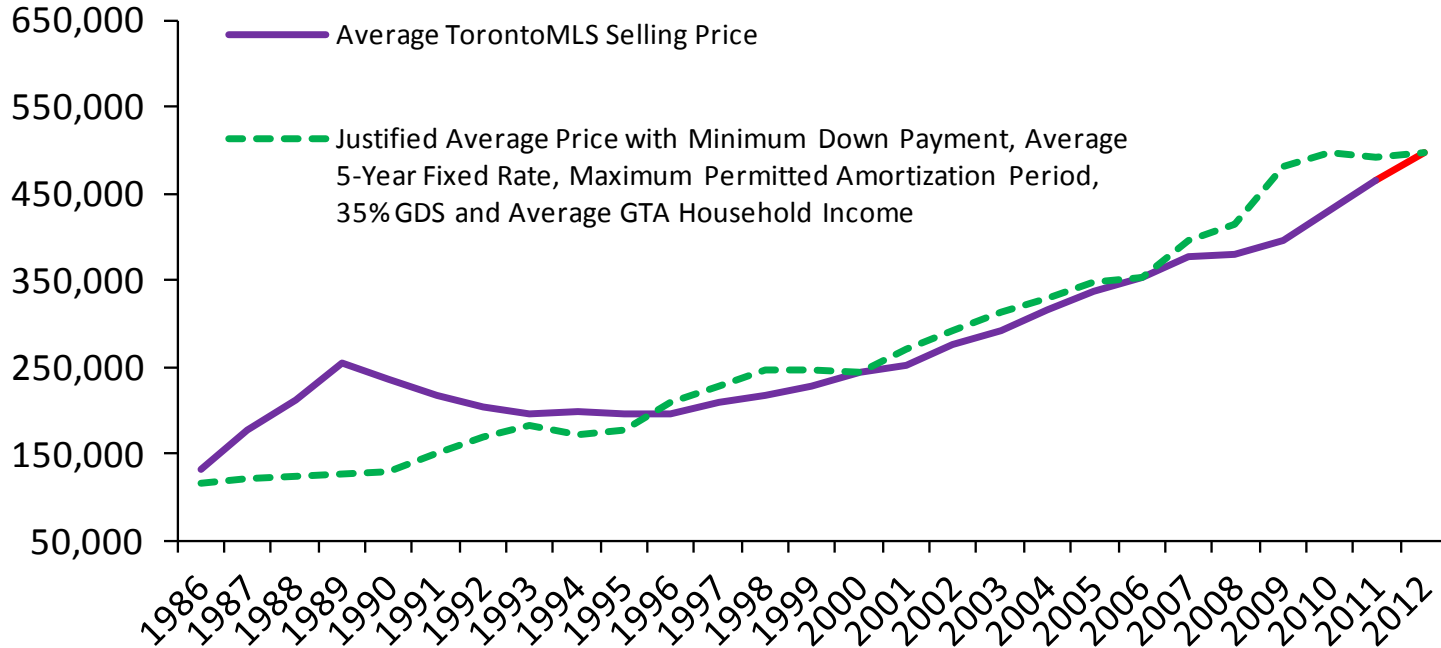
## Average Selling Price in GTA



Source: Toronto Real Estate Board

# Price Growth Justified by Solid Affordability

## Average vs. Justified Selling Price in GTA

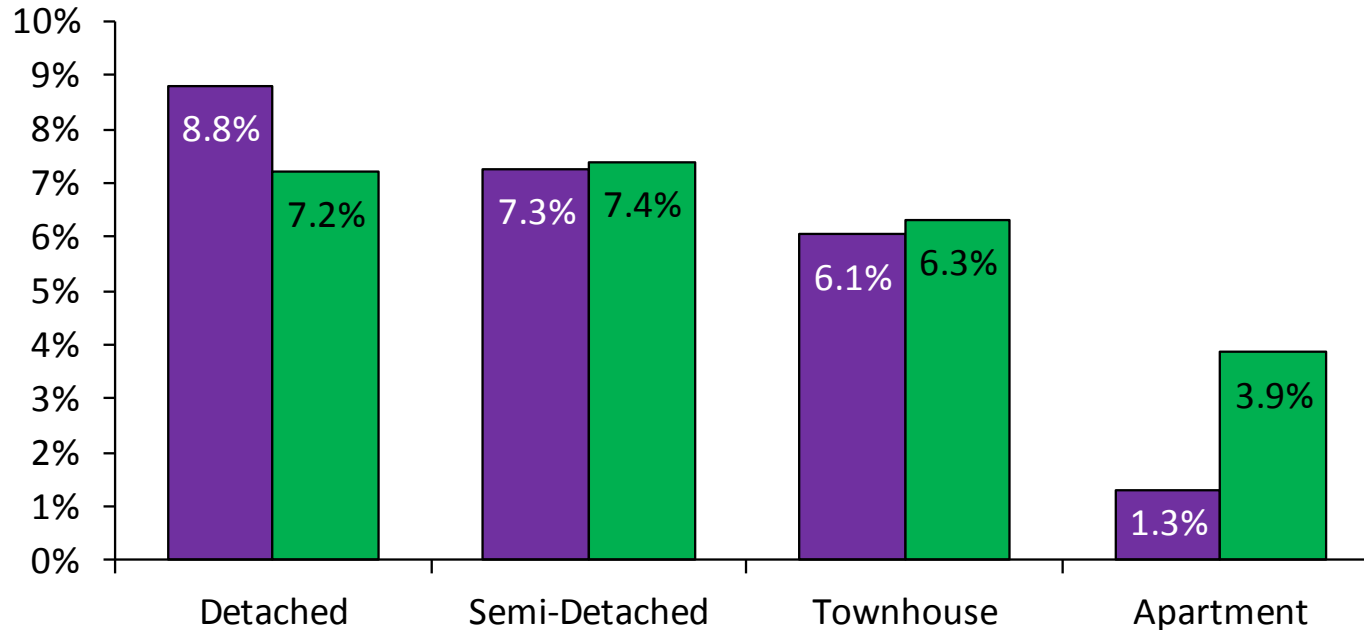


Source: Toronto Real Estate Board



# Price Growth Stronger for Low-Rise

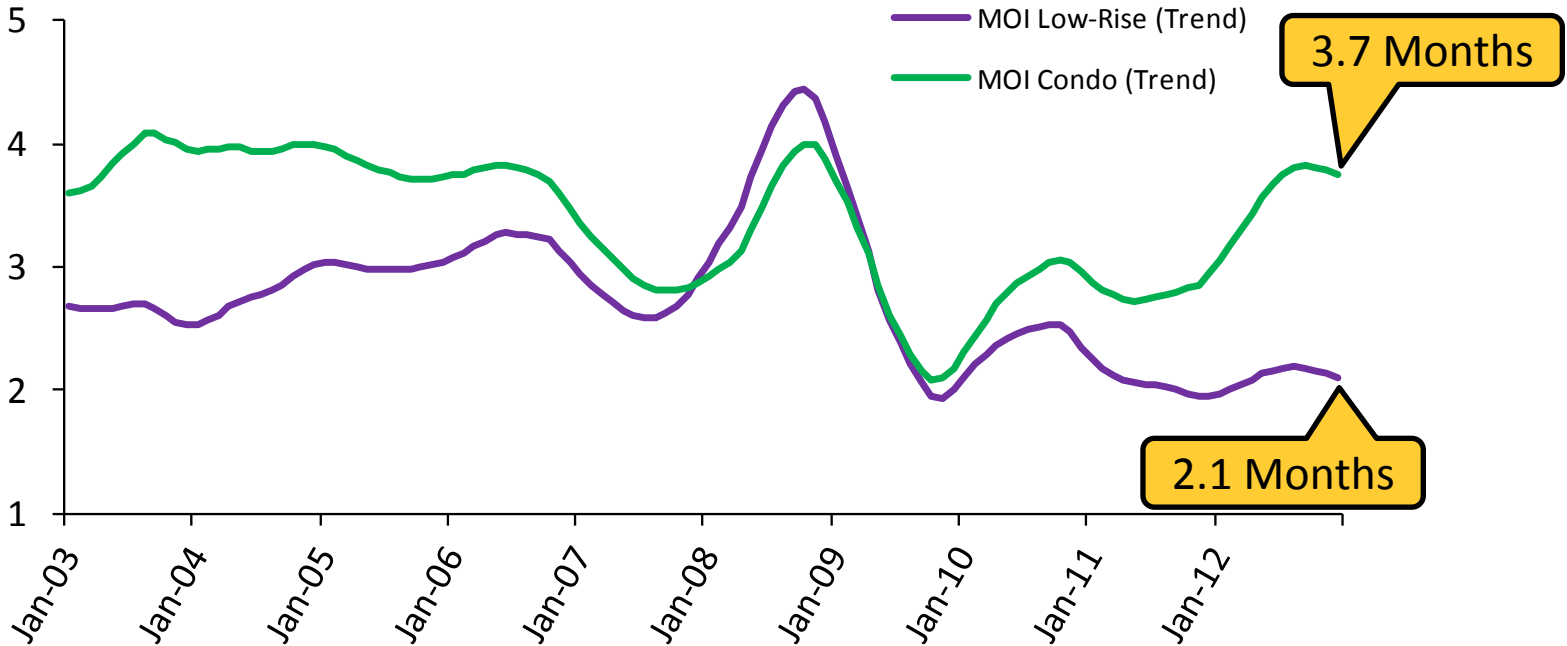
TorontoMLS Average Annual Price Growth  
2012 vs. 2011



Source: Toronto Real Estate Board

# Divergence in Months of Inventory

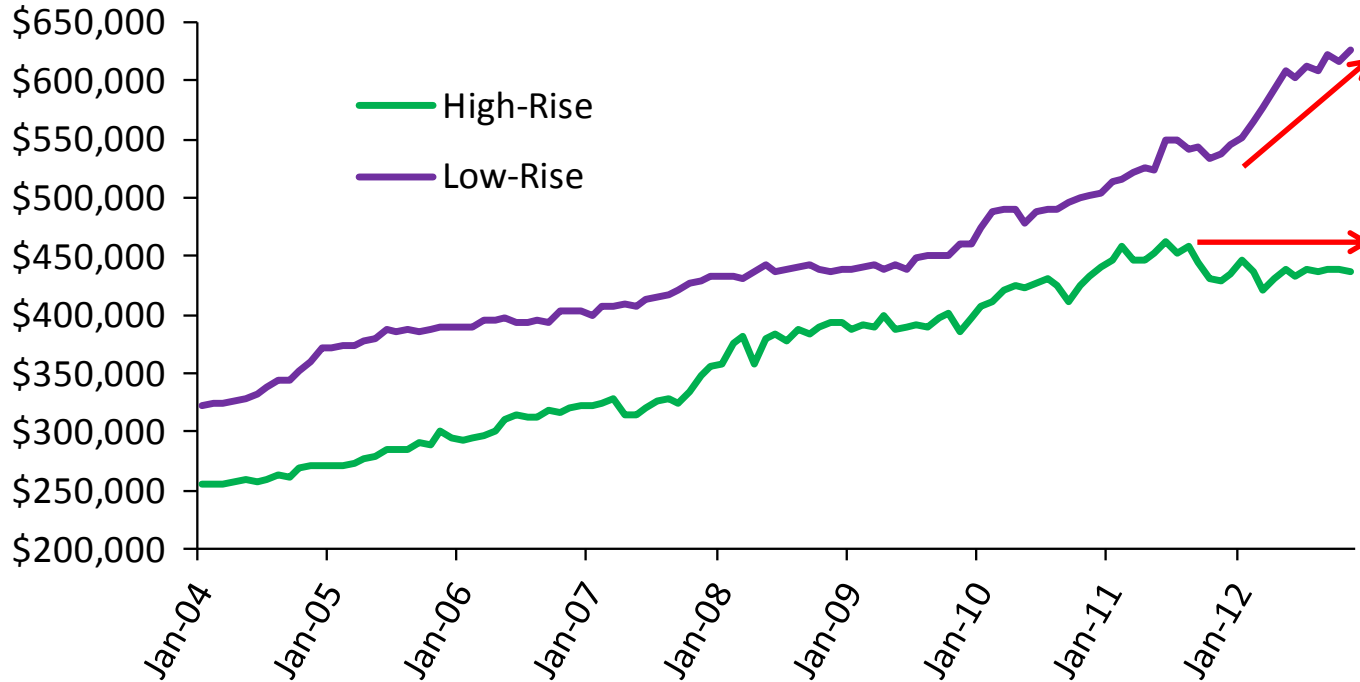
## Months of Inventory Trend Low-Rise vs. Condo Apartments



Source: Toronto Real Estate Board

# New Home Price Trends Have Diverged

## New Home Prices: Low-Rise and High-Rise



Source: RealNet Canada Inc.

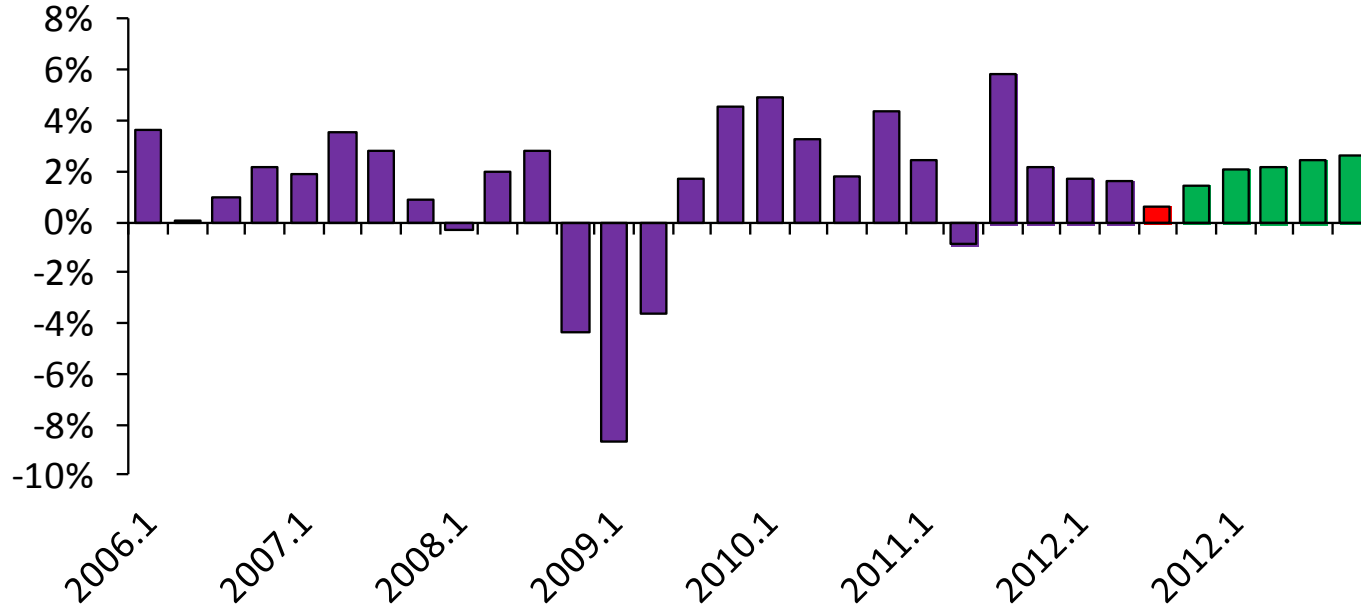
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# GDP Growing Slowly

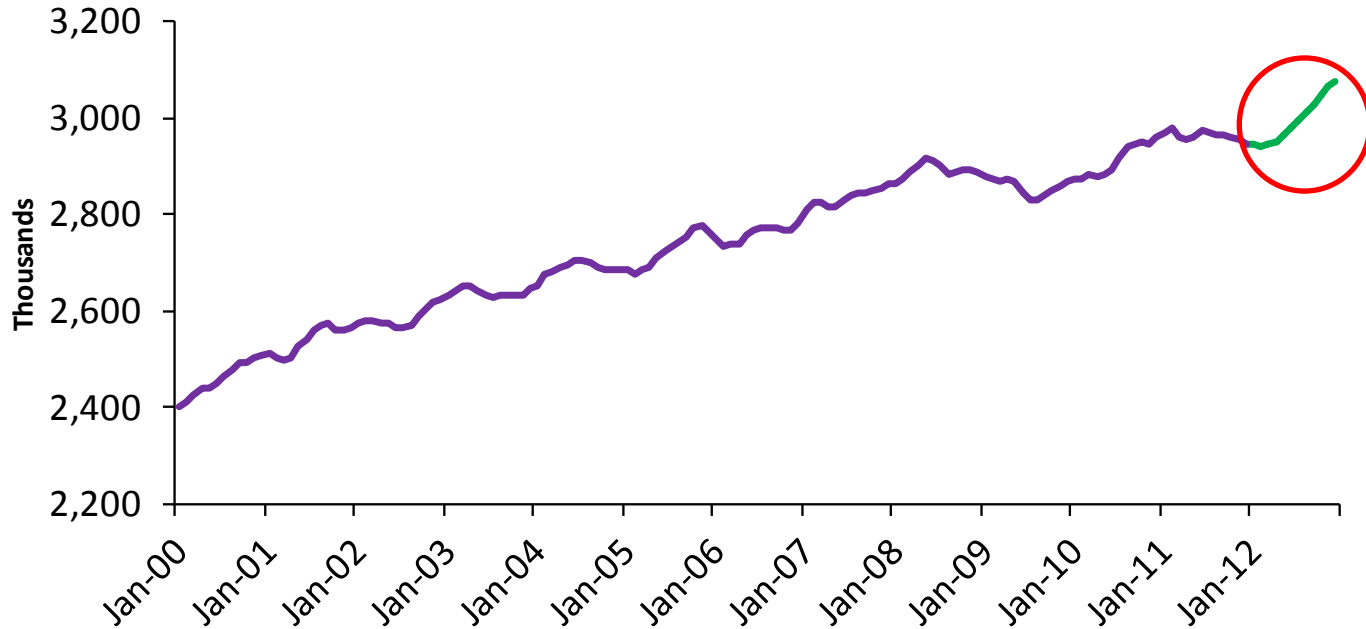
## Bank of Canada Outlook for Canadian Real GDP Annualized Quarter-Over-Quarter Per Cent Change



Source: Statistics Canada

# Strong Employment Growth in 2012

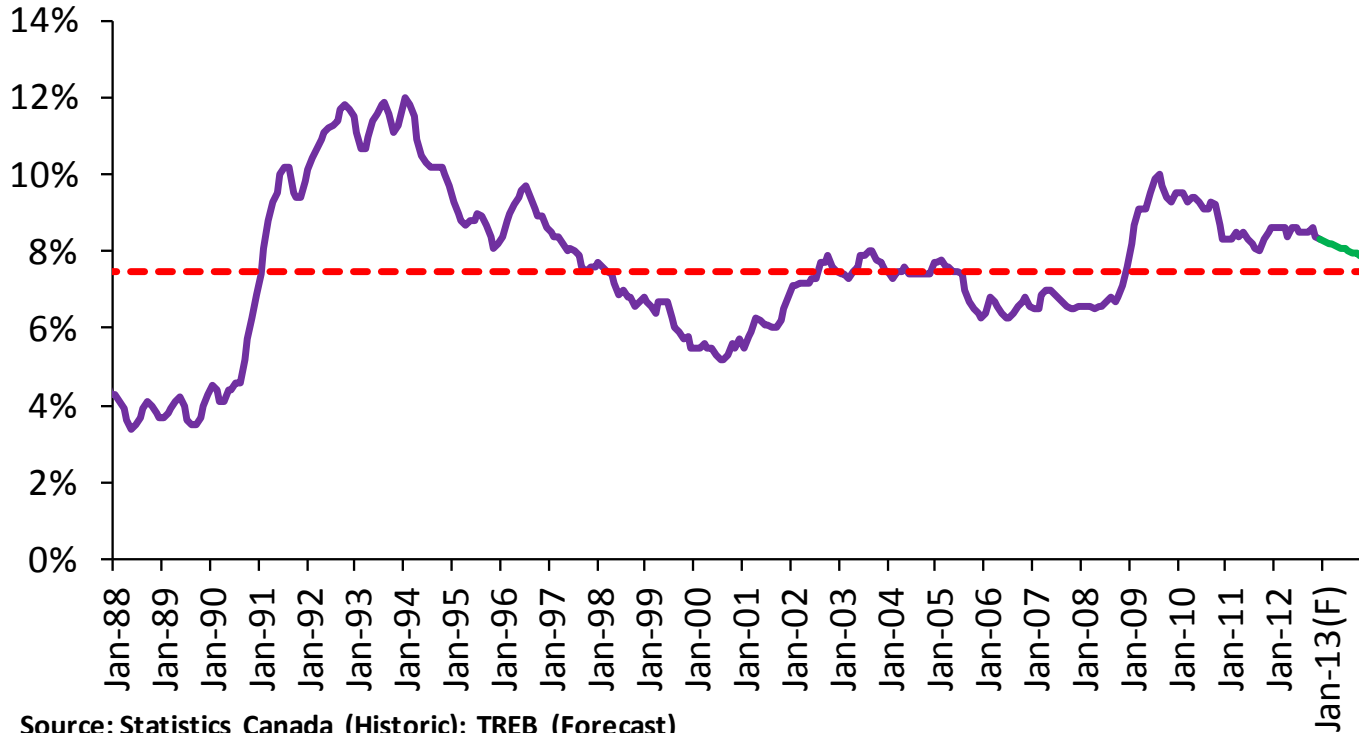
## Toronto CMA Employment (All Industries) Seasonally Adjusted 3-Month Moving Average



Source: Statistics Canada

# Unemployment Moving Closer to Norm

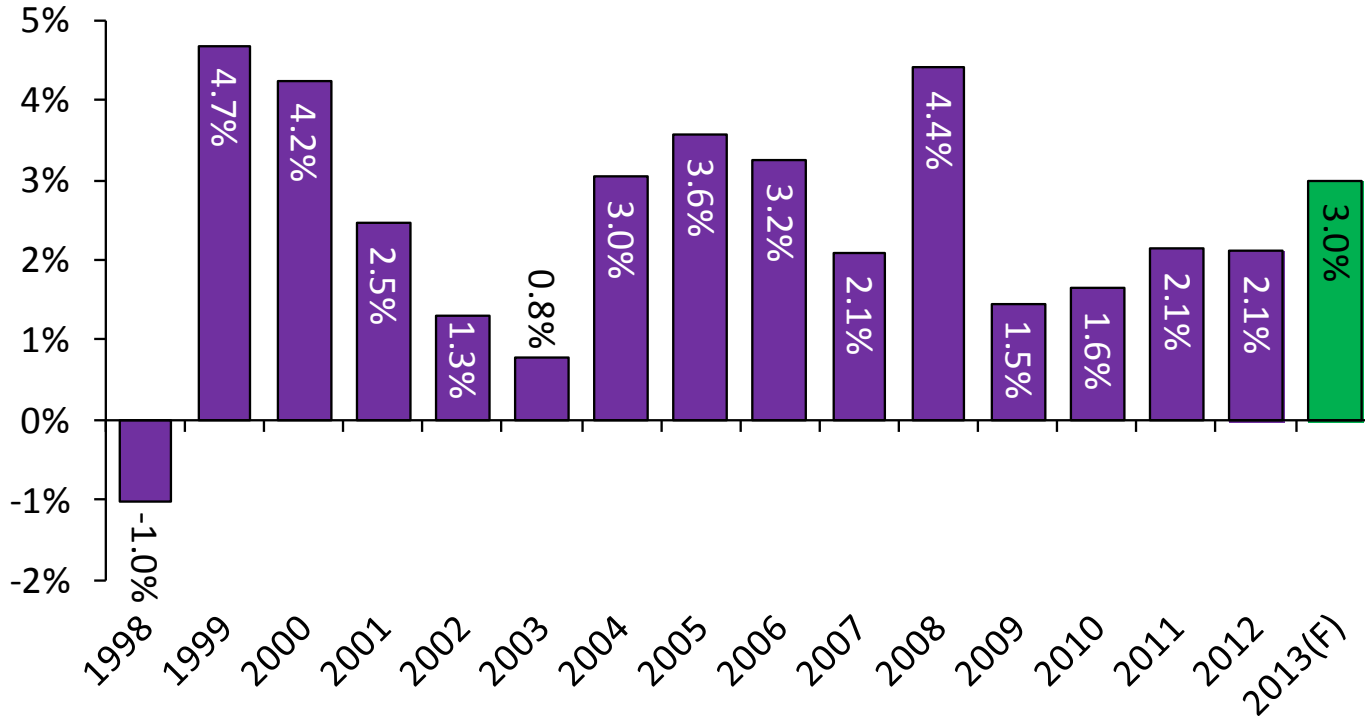
## GTA Unemployment Rate



Source: Statistics Canada (Historic); TREB (Forecast)

# Stronger Income Growth in 2013

## Annual Growth Rate for Average Weekly Earnings

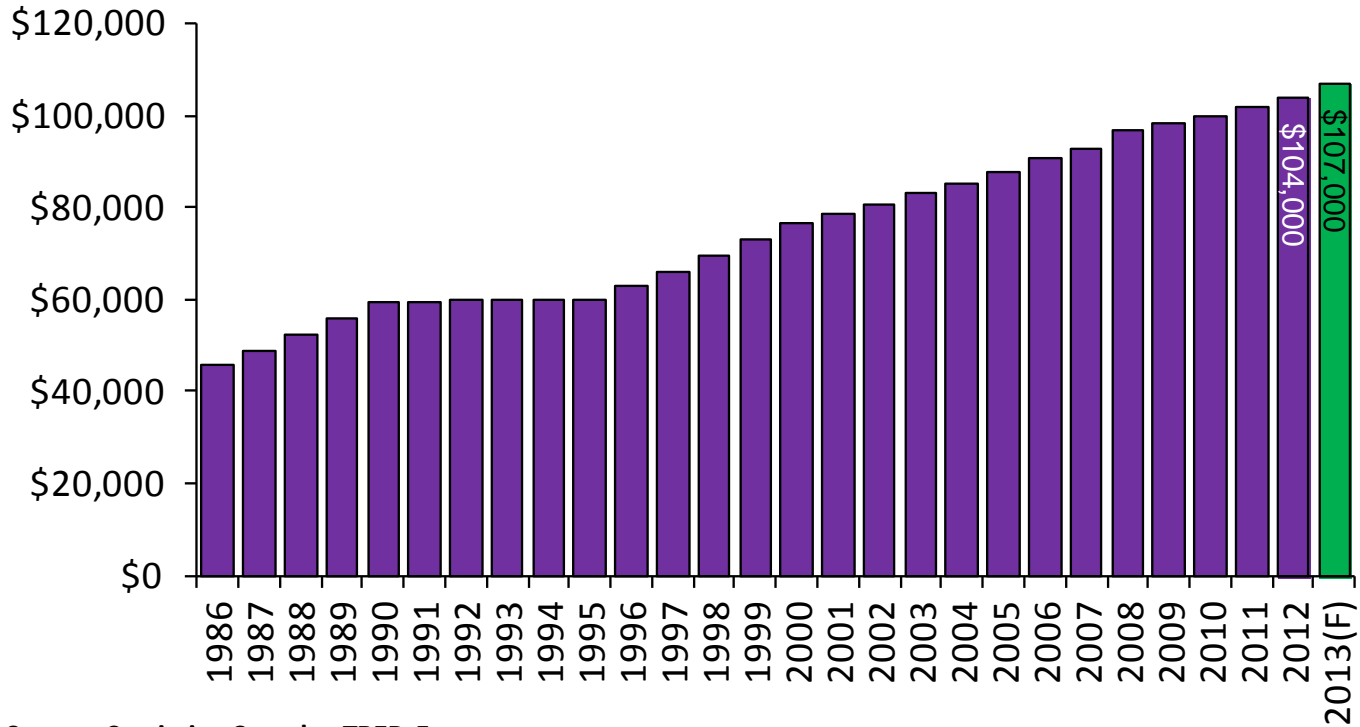


Source: Statistics Canada (Historic); TREB (Forecast)



# Household Income Growth Will Continue

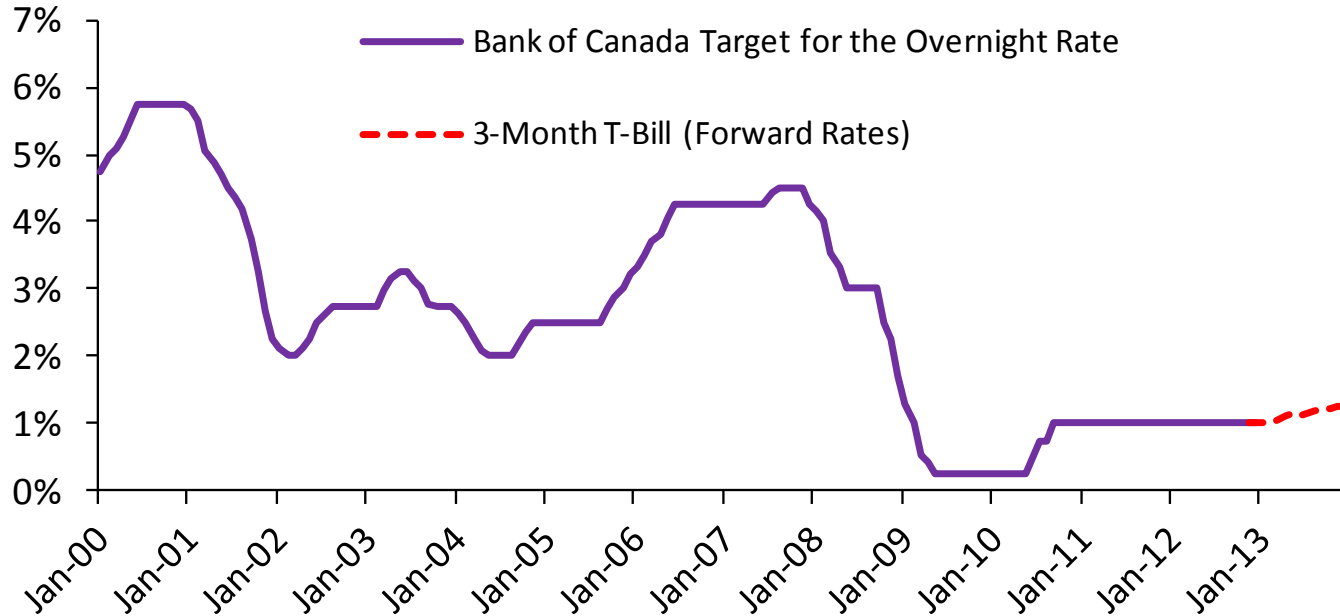
## GTA Household Income



Source: Statistics Canada; TREB Forecast

# Chance of Rate Increase at End of 2013

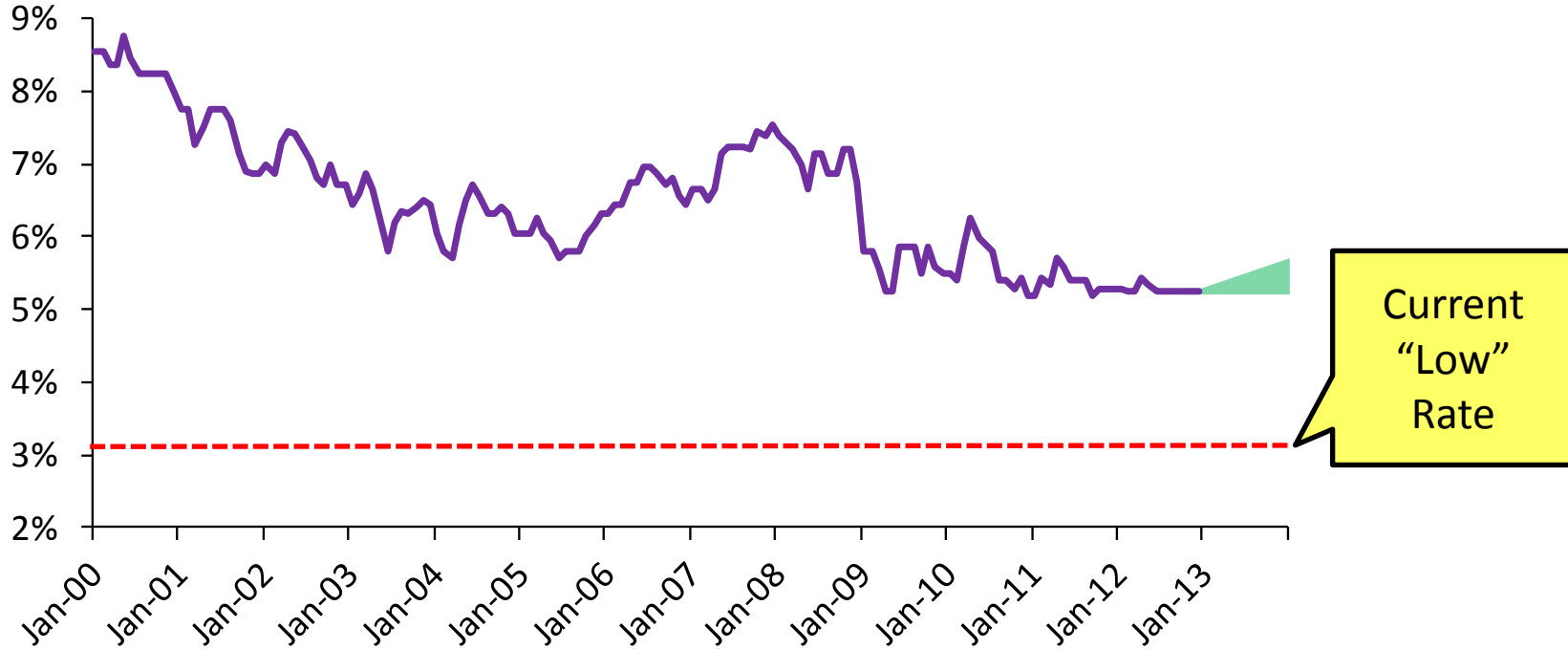
## Consensus Outlook for the Bank of Canada's Target for the Overnight Lending Rate



Source: Bank of Canada, Toronto Real Estate Board

# Five-year Mortgage Rate Could Edge Up

## Outlook for the Average Five-Year Fixed Mortgage Rate



Source: Bank of Canada, Toronto Real Estate Board

# Presentation Outline

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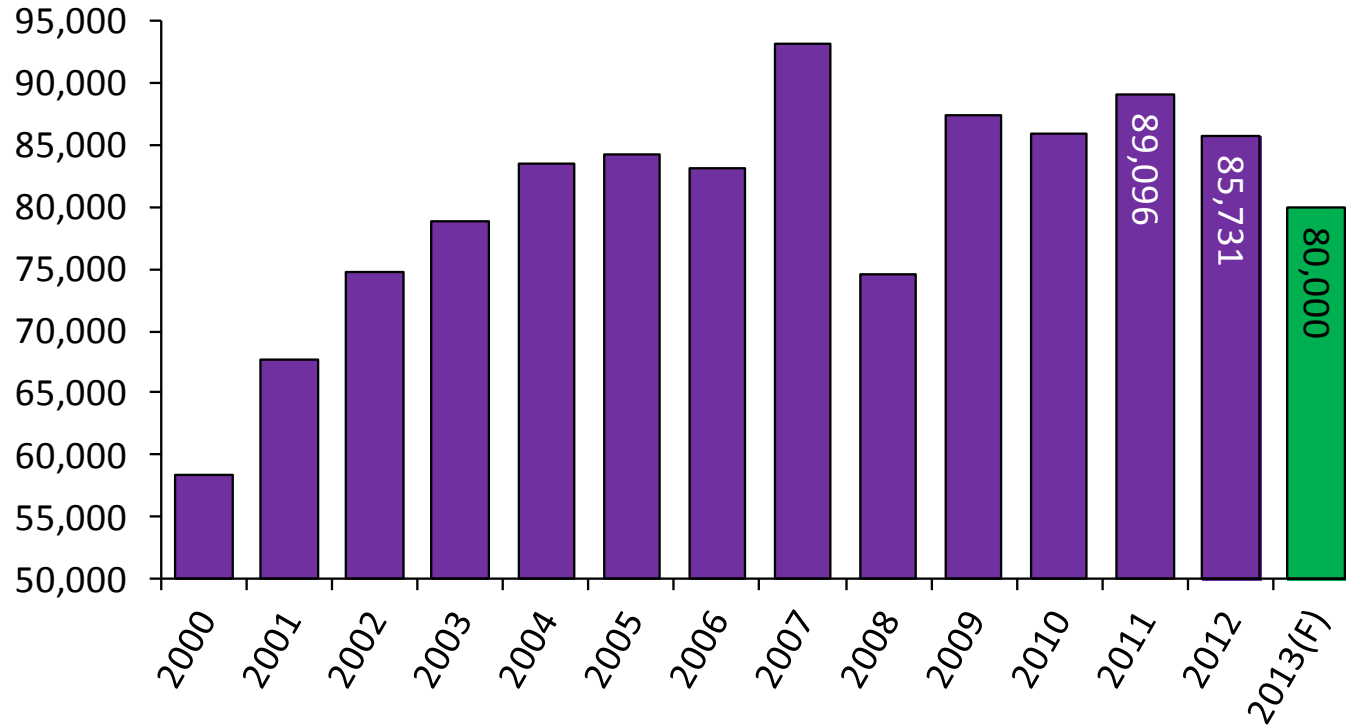
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# TorontoMLS Sales Lower in 2013

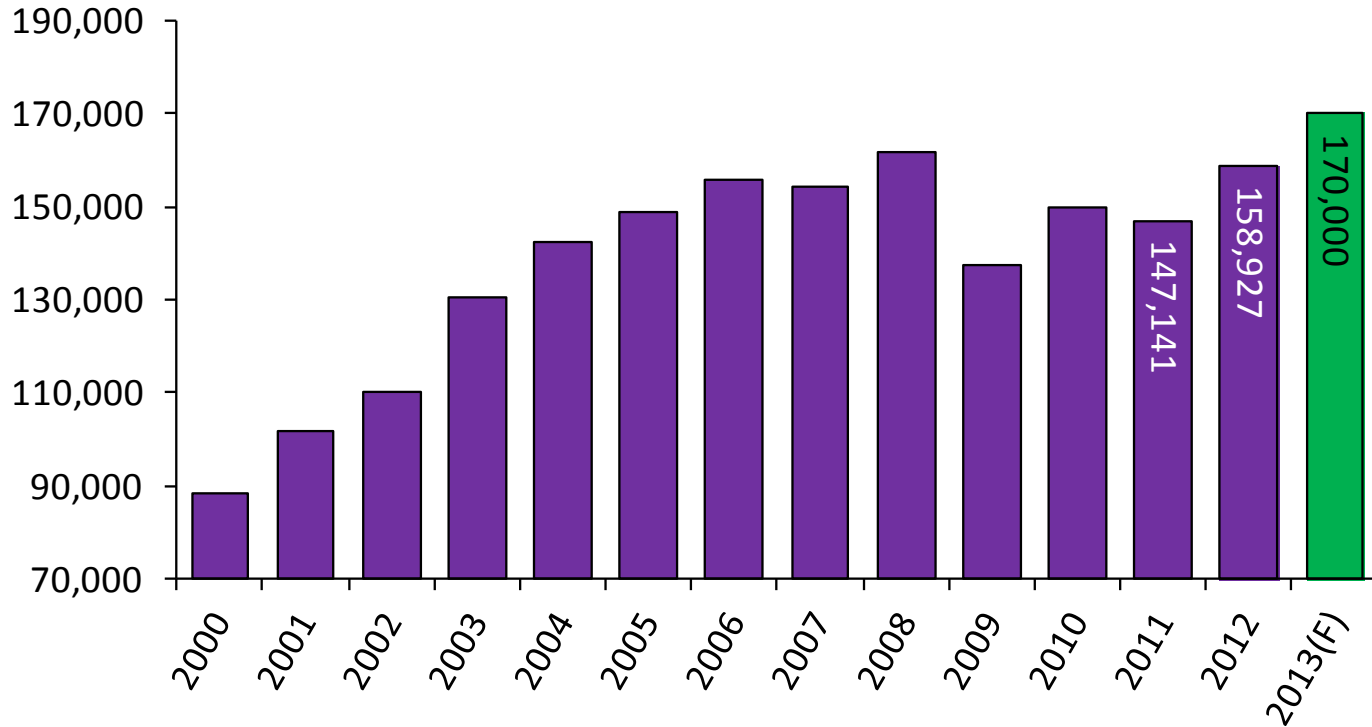
## TorontoMLS Sales Outlook



Source: Toronto Real Estate Board

# New Listings Will Edge Upward

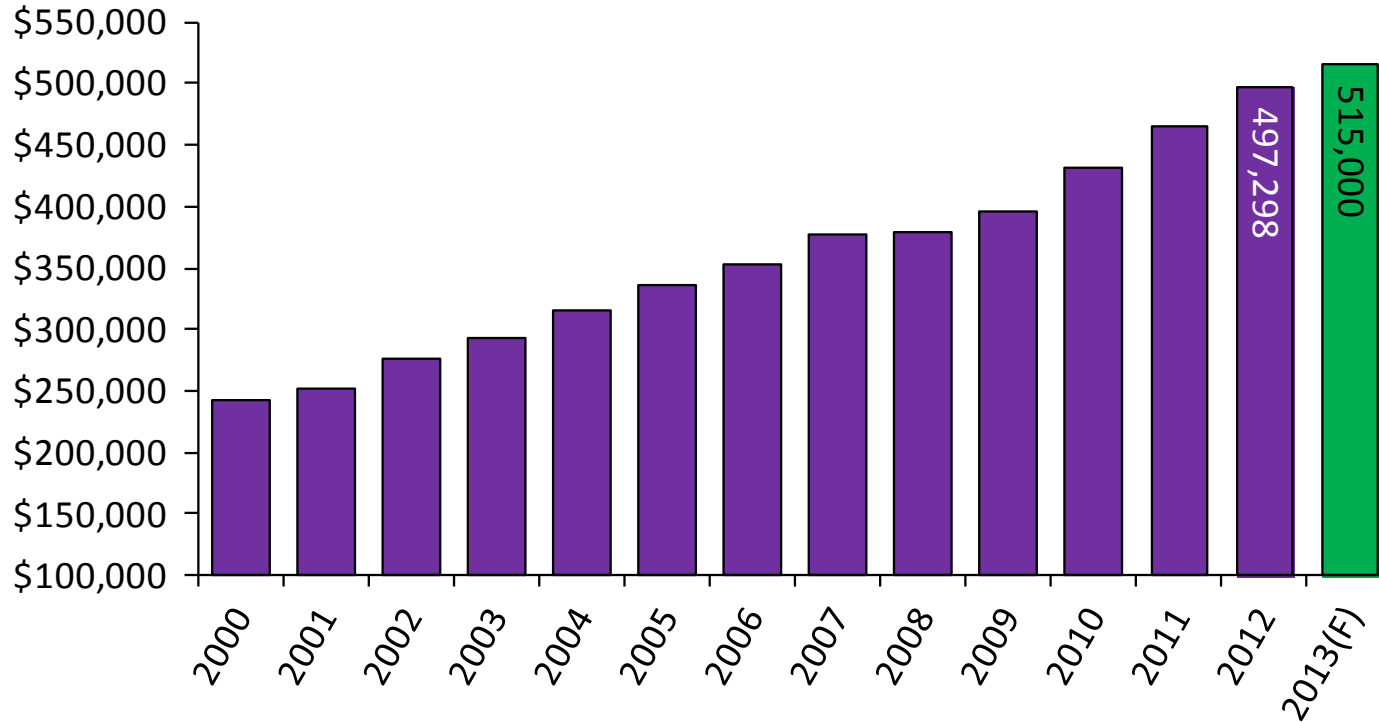
## TorontoMLS New Listings Outlook



Source: Toronto Real Estate Board

# Moderate Annual Price Growth in 2013

## TorontoMLS Average Price Outlook



Source: Toronto Real Estate Board